



# Santa Clara Valley Water District

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**File No.:** 20-0665

**Agenda Date:** 11/17/2020

**Item No.:** 2.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Receive an Update on the Second Amendment to Valley Water's Central Valley Project Contract, Adopt the Resolution Approving the Second Amendment, and Authorize the Chief Executive Officer to Execute the Second Amendment.

### **RECOMMENDATION:**

- A. Receive information on the Second Amendment to Valley Water's Central Valley Project Contract;
- B. Adopt the Resolution APPROVING THE SECOND AMENDMENT TO CONTRACT BETWEEN UNITED STATES AND SANTA CLARA VALLEY WATER DISTRICT FOR WATER SERVICE AND OPERATION AND MAINTENANCE OF CERTAIN WORKS OF THE SAN FELIPE DIVISION; and
- C. Authorize the Chief Executive Officer to execute the Second Amendment.

### **SUMMARY:**

On January 29, 2019, the Santa Clara Valley Water District (Valley Water) and the U.S. Bureau of Reclamation (Reclamation) completed negotiations to amend Valley Water's long-term CVP water service contract to add the South Bay Aqueduct as a point of delivery for Valley Water's Central Valley Project (CVP) water (Second Amendment). The negotiations resulted in the addition of standard contract language that allows for additional points of delivery that are mutually agreed upon by Reclamation and Valley Water, as well updating select provisions of the contract with Reclamation's new standard contract language. The result is an amended contract that will improve the flexibility and reliability of Valley Water's imported water operations and protect against limitations on delivery through the San Felipe Division facilities.

Currently, Valley Water's only permanent point of delivery for its CVP water is located along the San Felipe Division facilities, with conveyance occurring through San Luis Reservoir. Valley Water has intermittently delivered its CVP water through the South Bay Aqueduct by exchange for many years in response to operational limitations on the San Felipe Division and to help address water quality issues, but this action has been reliant on temporary approvals. Reclamation informed Valley Water

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staff that an amendment to our CVP water service contract is needed in order to continue this flexibility. Execution of the Second Amendment will provide the contractual mechanism needed to secure Reclamation's long-term approval and to make this additional point of delivery permanent. The delivery CVP water through the South Bay Aqueduct, as discussed in this memo, does not literally involve conveyance of CVP water through this facility but instead relies on an exchange in which Valley Water's allocated CVP water is provided to the Department of Water Resources (DWR) downstream of Valley Water, and DWR provides an equal amount of State Water Project (SWP) water to Valley Water through the South Bay Aqueduct.

The Second Amendment contains a number of new or updated standard provisions that Reclamation is requiring to conform with its current policies for contracting. However, none of these have a material impact on Valley Water's rights or obligations under its existing CVP water contract.

## **Background**

The need for Valley Water to deliver its CVP water through the South Bay Aqueduct was first identified as a means to mitigate for water quality issues in San Luis Reservoir that sometimes impact Valley Water's treatment processes and result in taste and odor concerns among Valley Water customers. During the summer and fall, high temperatures and declining water levels create conditions that foster algae growth, causing water quality degradation, which is referred to as San Luis Low Point. These conditions can limit the availability of CVP water and can cause significant impacts to Valley Water's raw and treated water operations. Delivery of CVP water through the South Bay Aqueduct provides an alternative conveyance pathway and helps avoid San Luis Low Point impacts.

Adding an additional point of delivery provides flexibility in Valley Water's raw and treated water operations by optimizing flows to treatment plants and recharge ponds to meet demands. It also helps to balance available CVP and SWP supplies throughout the year and achieve desired levels of imported water carryover in subsequent years. The Second Amendment will also improve Valley Water's overall water supply reliability by facilitating the recovery of our CVP supplies stored in the Semitropic Water Banking Program, which will be especially important in years when the SWP allocation is low.

The ability to use CVP and SWP supplies interchangeably has become increasingly important as a means to accommodate planned and unplanned outages on both the South Bay Aqueduct and the San Felipe Division facilities.

## **FINANCIAL IMPACT:**

There is no financial impact due to execution of the Second Amendment. If Valley Water elects to receive delivery of its CVP water through the South Bay Aqueduct, it will be responsible for energy costs associated with pumping the water to Valley Water's service area. In this case DWR would assess additional charges and Reclamation would reduce its charges accordingly. In 2020, this would result in an increase in costs of approximately \$53 per acre-foot delivered. This variance is

accounted for annually in the Imported Water Unit budget.

**CEQA:**

The Second Amendment is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 of CEQA Guidelines, which exempts the operation of existing public structures involving negligible or no expansion beyond existing use. Valley Water filed a Notice of Exemption with the Clerk of the County of Santa Clara on September 3, 2019 in compliance with CEQA.

Reclamation, as the lead agency under NEPA, filed FONSI-14-046 on January 4, 2019 in which it was determined that the Proposed Action does not have the potential to cause direct, indirect, or cumulative adverse effects on the environment.

**ATTACHMENTS:**

Attachment 1: Resolution  
Attachment 2: Second Amendment  
Attachment 3: PowerPoint

**UNCLASSIFIED MANAGER:**

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